



December 15, 2016

Nevada Gold & Casinos Reports Second Quarter 2017 Results

LAS VEGAS, Dec. 15, 2016 (GLOBE NEWSWIRE) -- Nevada Gold & Casinos, Inc. (NYSE MKT:UWN) today announced financial results for the second quarter ended October 31, 2016.

For the second quarter of fiscal 2017, the Company reported net revenues of \$18.5 million compared to \$16.1 million in the second quarter of fiscal 2016. Operating expenses were \$18.3 million compared to \$15.1 million in the prior year period. Operating income was \$0.3 million compared to \$1.0 million, and net income was \$0.2 million, or \$0.01 per share, compared to net income of \$0.6 million, or \$0.04 per share, in the prior year period.

Net revenues from the Washington state gaming operations decreased to \$13.2 million, from \$13.7 million in the prior year period, and adjusted EBITDA decreased to \$1.5 million compared to \$2.0 million in the prior year. Although general business volumes were stable, a lower table games hold percentage, although normal, was responsible for approximately \$0.2 million in both the revenue and EBITDA shortfalls. As a result of declining poker business, the Company decided to consolidate its poker operations and closed the poker tables at two locations. Poker revenue represented approximately \$0.3 million in both the revenue and EBITDA declines in the quarter.

The state of Washington passed a ballot measure increasing the minimum wage to \$11.00 per hour effective January 1, 2017. The Company anticipates that current payroll expense will increase by approximately \$1.2 million in calendar year 2017. The Company has identified numerous cost and operating initiatives intended to offset approximately \$0.8 million of this wage impact. At the end of November, a competitor in the tri-cities market in eastern Washington, which generated approximately \$2.4 million in annual gaming revenue, ceased operations. The Company operates two of the remaining three facilities in that market and anticipates an increase in business as a result of this closure.

Club Fortune revenues were \$3.1 million and adjusted EBITDA was \$0.1 million. Road construction outside the facility, which was completed the last week of October, continued to negatively impact revenue during the quarter. With the construction completed, November revenues returned to pre-construction levels.

South Dakota slot route operations net revenue was \$2.2 million compared to \$2.4 million in the prior-year period and adjusted EBITDA was \$213,000 compared to \$252,000.

On a consolidated basis, adjusted EBITDA was \$1.2 million, compared to \$1.7 million in the prior-year period. The Company paid down \$1.0 million in debt during the quarter. The unrestricted cash balance at October 31, 2016 was \$10.2 million, and total outstanding borrowing was \$15.5 million.

In July 2016, the Board authorized a \$2.0 million stock repurchase program. During the quarter the Company acquired 189,788 shares for \$344,372, an average cost of \$1.81. Approximately \$1.7 million remains available under this authorization.

"Despite some of the challenges we experienced in the first half of the year, we are encouraged by the changes and catalysts now in place for both Washington and Club Fortune casino operations as we enter the seasonally stronger portion of the year," stated Michael P. Shaunnassy, President and CEO. "We continue to pay down debt, have been active with our share repurchase program, and are focused on cost reductions and efficiencies to increase shareholder value."

For the six month period, net revenues were \$36.8 million compared to \$32.1 million in fiscal year 2016. Operating expenses were \$36.5 million compared to \$30.3 million in the prior year. Operating income was \$0.4 million compared to \$1.8 million in fiscal 2016. Net income was \$0.1 million, or \$0.00 per share, compared to \$1.1 million, or \$0.07 per share, in the prior year.

Conference Call

The Company will host a conference call at 4:30 PM ET (1:30 PM PT) on December 15, 2016 to discuss the financial results and provide a corporate update. The call can be accessed live by dialing (888) 282-4019. International callers can access the call by dialing (913) 312-0653.

A telephone replay of the conference call will be available after 7:30 PM ET and can be accessed by dialing (844) 512-2921. International callers can access the replay by dialing (412) 317-6671; the pin number is 2469123. The replay will be available through December 22, 2016.

Non-GAAP Information

The term "adjusted EBITDA" is used by us in presentations, quarterly earnings calls, and other instances as appropriate. Adjusted EBITDA is defined as net income before interest, change in swap fair value, income taxes, depreciation and amortization, goodwill and other long-lived asset impairment charges, write-offs of project development costs and acquisition expenses, litigation charges, non-cash stock grants, non-cash employee stock purchase plan discounts, amortization of deferred rent, and net losses/gains from asset dispositions. Adjusted EBITDA does not take into account greater or less than expected hold percentages in the gaming operations. Adjusted EBITDA is presented because it is a required component of financial ratios reported by us to our lenders, and it is also frequently used by securities analysts, investors, and other interested parties, in addition to and not in lieu of, U.S. Generally Accepted Accounting Principles ("GAAP") results to compare to the performance of other companies that also publicize this information. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to net income as an indicator of our operating performance or any other measure of performance derived in accordance with GAAP.

Adjusted EBITDA reconciliations for the three months and six months ended October 31, 2016 and October 31, 2015 are shown below:

Adjusted EBITDA reconciliation to net income:

	For the three months ended	
	October 31, 2016	October 31, 2015
Net income	\$ 150,022	\$ 617,988
Adjustments:		
Net interest expense and change in swap fair value	64,103	91,125
Income tax expense	70,842	301,122
Depreciation and amortization	773,510	488,709
Acquisition expenses	-	80,660
Stock compensation and employee stock purchases	85,143	80,300
Loss on sale of assets	5,546	2,050
Amortization of deferred rent	9,455	4,952
Adjusted EBITDA	<u>\$ 1,158,621</u>	<u>\$ 1,666,906</u>

	For the six months ended	
	October 31, 2016	October 31, 2015
Net income	\$ 50,450	\$ 1,075,985
Adjustments:		
Net interest expense and change in swap fair value	281,833	191,232
Income tax expense	22,854	528,634
Depreciation and amortization	1,550,022	999,503
Acquisition expenses	113,900	260,780
Stock compensation and employee stock purchases	115,606	110,495
Loss (gain) on sale of assets	13,916	(161,430)
Amortization of deferred rent	21,955	12,863
Adjusted EBITDA	<u>\$ 2,170,536</u>	<u>\$ 3,018,062</u>

Forward-Looking Statements

This release contains forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We use words such as "anticipate," "believe," "expect," "future," "intend," "plan," and similar expressions to identify forward-looking statements. Forward-looking statements include, without limitation, our ability to increase income streams, to grow revenue and earnings, and to obtain additional gaming and other projects. These statements are only predictions and are subject to certain risks, uncertainties and assumptions, which are identified and described in the Company's public filings with the Securities and Exchange Commission.

About Nevada Gold & Casinos

Nevada Gold & Casinos, Inc. (NYSE MKT:UWN) of Las Vegas, Nevada is a developer, owner and operator of 9 gaming operations in Washington (wagoldcasinos.com), a locals casino in Henderson, Nevada (clubfortunecasino.com) and a slot route operation in Deadwood, South Dakota (dakotaplayersclub.com). For more information, visit www.nevadagold.com.

Nevada Gold & Casinos, Inc. Consolidated Statements of Operations (unaudited)

	Three Months Ended		Six Months Ended	
	October 31, 2016	October 31, 2015	October 31, 2016	October 31, 2015
Revenues:				
Casino	\$ 16,412,381	\$ 14,262,197	\$ 32,650,083	\$ 28,360,893
Food and beverage	3,329,915	2,479,077	6,631,308	4,922,187
Other	547,545	455,212	1,088,260	907,884
Gross revenues	20,289,841	17,196,486	40,369,651	34,190,964
Less promotional allowances	(1,747,069)	(1,062,273)	(3,529,902)	(2,113,975)
Net revenues	18,542,772	16,134,213	36,839,749	32,076,989
Expenses:				
Casino	9,490,195	7,929,335	18,715,421	15,924,636
Food and beverage	1,482,778	1,295,320	3,015,120	2,608,689
Other	70,394	63,000	154,403	110,999
Marketing and administrative	5,163,876	4,114,503	10,434,156	8,325,058
Facility	547,370	492,066	1,080,705	985,221
Corporate	724,136	738,995	1,520,869	1,488,462
Depreciation and amortization	773,510	488,709	1,550,022	999,503
Loss (gain) on disposal of assets	5,546	2,050	13,916	(161,430)
Total operating expenses	18,257,805	15,123,978	36,484,612	30,281,138
Operating income	284,967	1,010,235	355,137	1,795,851
Non-operating income (expenses):				
Interest income	23,124	24,749	46,092	50,630
Interest expense and amortization of loan issue costs	(150,812)	(94,027)	(304,331)	(213,620)
Interest rate swap expense	(33,591)	(12,714)	(70,056)	(30,326)
Change in swap fair value	97,176	(9,133)	46,462	2,084
Income before income tax expense	220,864	919,110	73,304	1,604,619
Income tax expense	(70,842)	(301,122)	(22,854)	(528,634)
Net income	\$ 150,022	\$ 617,988	\$ 50,450	\$ 1,075,985
Per share information:				
Net income per common share - basic and diluted	\$ 0.01	\$ 0.04	\$ 0.00	\$ 0.07

Nevada Gold & Casinos, Inc. Consolidated Balance Sheets

	October 31, 2016	April 30, 2016
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,237,713	\$ 11,583,107
Restricted cash	1,518,888	1,433,728
Accounts receivable, net of allowances	468,795	665,549

Prepaid expenses	1,529,350	1,206,825
Notes receivable, current portion	620,929	208,294
Inventory and other current assets	406,144	416,022
Total current assets	14,781,819	15,513,525
Real estate held for sale	750,000	750,000
Notes receivable, net of current portion	7,500	900,775
Goodwill	18,025,059	18,025,059
Intangible assets, net of accumulated amortization	4,534,399	5,003,981
Property and equipment, net of accumulated depreciation	14,850,636	15,147,061
Deferred tax asset	2,325,445	2,348,299
Other assets	70,000	70,000
Total assets	\$ 55,344,858	\$ 57,758,700

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities	\$ 1,331,378	\$ 1,702,366
Accrued payroll and related	1,852,582	2,094,250
Accrued player's club points and progressive jackpots	1,886,958	1,872,566
Total current liabilities	5,070,918	5,669,182
Long-term debt	15,209,829	16,839,148
Other long-term liabilities	856,920	881,426
Total liabilities	21,137,667	23,389,756

Stockholders' equity:

Common stock, \$0.12 par value per share; 50,000,000 shares authorized; 18,625,167 and 18,571,693 shares issued and 17,652,542 and 17,788,856 shares outstanding at October 31, 2016, and April 30, 2016, respectively	2,235,028	2,228,612
Additional paid-in capital	27,441,270	27,315,517
Retained earnings	11,807,300	11,756,850
Treasury stock, 972,625 and 782,837 shares at October 31, 2016 and April 30, 2016, respectively, at cost	(7,276,407)	(6,932,035)
Total stockholders' equity	34,207,191	34,368,944
Total liabilities and stockholders' equity	\$ 55,344,858	\$ 57,758,700

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